



Department of Justice

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JUSTICE DEPARTMENT REQUIRES RESTRUCTURING OF ALLIED WASTE INDUSTRIES AND REPUBLIC SERVICES DEAL

Divestitures and Other Relief Will Preserve Competition in 15 Metropolitan Areas

WASHINGTON, D.C. -- The Department of Justice today required Allied Waste Industries Inc. and Republic Services Inc. to sell waste collection and disposal assets and agree to contract modifications, affecting a total of 15 metropolitan areas, in order to proceed with their proposed multi-million dollar exchange of assets. The Department said the original proposal would have resulted in higher prices for waste collection or disposal in these areas.

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a proposed consent decree that, if approved by the court, would resolve the Department's competitive concerns and the lawsuit.

"The relief required in the consent decree was necessary to prevent consumers in several parts of the country from having to pay higher prices for waste collection and disposal," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The terms of the decree will ensure that the benefits of competition--lower prices and better service-- will be preserved in these areas."

According to the Department's complaint, the original proposal would have substantially lessened competition in waste collection or disposal services in 15 markets in Florida, Georgia,

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Indiana, Kentucky, New Jersey, New York, Ohio, Tennessee, and Virginia. In each of these markets, Allied and Republic are two of only a few significant firms, and in some areas the only two firms, providing commercial waste hauling, roll-off waste hauling, or municipal solid waste disposal services. The exchange of assets by Allied and Republic would have eliminated a significant competitor in each of these areas, and allowed the remaining company and its few remaining competitors to coordinate their pricing, creating higher prices for consumers.

Commercial waste hauling is the collection and transportation of trash and garbage stored in small metal containers or dumpsters, generally by specialized front-end load trucks, from establishments such as office and apartment buildings and retail businesses. Roll-off waste hauling is the collection and transportation of large disposal containers holding larger volumes or bulkier items of waste from sources such as construction sites and industrial plants. Companies offering municipal solid waste disposal services, such as Allied and Republic, accept trash and garbage collected by waste haulers in disposal facilities such as landfills, incinerators, and transfer stations, which process and legally dispose of waste for a fee.

Under the proposed agreement, Allied will be required to divest waste collection and/or disposal operations in Augusta, Georgia; Escambia, Santa Rosa, and Okaloosa counties, Florida; Memphis and Nashville, Tennessee; New York, New York; and Norfolk, Virginia. Republic will be required to divest waste collection and/or disposal operations in Anderson, Indiana; Columbus, Ohio; Lakeland, Florida; Louisville, Kentucky/Sellersburg, Indiana; and Macon, Georgia.

In addition, Allied and Republic have agreed to alter their existing contracts and offer new contracts for waste hauling services in Albany, New York; Augusta, Georgia; Burlington and Camden counties, New Jersey; Clarksville, Tennessee; Columbus, Ohio; Lakeland, Florida, and the counties of Escambia, Santa Rosa, and Okaloosa, Florida; Louisville,

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Kentucky/Sellersburg, Indiana; Macon, Georgia; Monmouth County, New Jersey; and Norfolk, Virginia. The proposed agreement requires Allied and Republic to comply with fixed limitations on the length of the contract, notice of contract termination, and liquidated damage provisions in their new and existing contracts.

Allied, headquartered in Scottsdale, Arizona, is the second largest waste hauling and disposal company in the United States. In 1999, Allied had sales of approximately \$6 billion.

Republic, which is based in Ft. Lauderdale, Florida, is the third largest waste hauling and disposal company in the U.S. Republic reported revenues of \$1.8 billion in 1998.

As required by the Tunney Act, the proposed Final Judgment will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to J. Robert Kramer II, Chief, Litigation II Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW, Suite 3000, Washington, D.C. 20530 (202-307-0924). At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the Final Judgment upon finding that it serves the public interest.

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